



# **CITY OF TUCSON HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT**

## **REQUEST FOR PROPOSALS**

ACQUISITION, REHABILITATION OR NEW CONSTRUCTION OF AFFORDABLE RENTAL  
HOUSING FOR HOME-ARP QUALIFYING POPULATIONS

**Responses Due:** February 28, 2022 (11:59pm AZ Time)

### **POINT OF CONTACT**

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## **SECTION 1 – BACKGROUND**

The City of Tucson, Arizona (the “City”) through its Housing and Community Development Department (HCD) is now accepting proposals on behalf of the City of Tucson/Pima County HOME Consortium for the development of affordable rental housing for HOME-ARP Qualifying Populations.

These funds will be made available at below market interest rates for rental housing production projects. Each proposal will be competitively evaluated and funding will be determined based on alignment with priorities established in the City of Tucson’s [Housing Affordability Strategy Tucson](#) and [People, Communities, and Homes Investment Plan](#).

The purpose of the program is to increase the supply of affordable rental housing for HOME American Rescue Plan (HOME-ARP) Qualifying Populations through public/private partnerships.

Proposals are being accepted through the due date published in the Schedule of Events.

## **SECTION 2 – OVERVIEW OF REQUEST FOR PROPOSALS**

By issuing this Request for Proposals, it is the City’s intent to identify those projects which significantly address City Council priorities which can be preliminary qualified and supported by HCD, and which can be fully underwritten for recommendation of funding to the Tucson City Council. Before projects are recommended to City Council, all information requested in the Project Application must be provided.

HUD expects its loans to be leveraged with other resources that may include private equity, loans from lending institutions, and/or funds from Federal, State or local programs such as Low Income Housing Tax Credits (LIHTCs), Tax-Exempt Multifamily Housing Revenue Bonds, Supportive Housing Program, Federal Home Loan Bank Affordable Housing Program and/or the Arizona Housing Trust Fund.

Qualified non-profit and for-profit developers who can demonstrate their ability to construct, acquire, rehabilitate and operate affordable housing developments for homeless, and/or other qualifying populations, including CHDOs, are encouraged to respond to this Request for Proposals.

## **SECTION 3 – CITY PRIORITIES**

Through its Housing Affordability Strategy Tucson and draft HOME-ARP Allocation Plan, the City of Tucson has committed to establishing a minimum of 50 additional units of permanent supportive housing annually. Projects which propose to provide rental housing for permanent supportive housing for qualifying populations will be eligible to receive up to 10 preference points. To receive maximum preference points, project must propose to dedicate at least 30% of all HOME-ARP assisted units will be designated to provide rental housing for permanent

supportive housing for persons experiencing homelessness (refer to Section 6 below for definition of Qualifying Populations). Units may be limited to families and older adults with disabilities, consistent with the Arizona Department of Housing LIHTC Qualified Allocation Plan.

## **SECTION 4 – FUNDING AVAILABLE AND SOURCE OF FUNDS**

Up to \$1,500,000 is available under this solicitation. The City anticipates making up to 3 awards. Applicants may request up to \$500,000/project. Multiple applications may be submitted by a single applicant for different projects but no more than one application may be submitted per development project. Awards made under this solicitation will be funded using supplemental HOME Investment Partnership Program funds awarded through the American Rescue Plan (HOME-ARP). Awards are subject to the requirements of the HOME Investment Partnership Program (CFDA #14.239) as amended by the [HUD Notice CPD-21-10: Requirements for the Use of Funds in the HOME-ARP Program](#) and its [Appendix: Waivers and Alternative Requirements for Implementation of the HOME-ARP Program](#).

The City of Tucson will retain proposals received under this competition and may, at its sole discretion, award funds or subsidies to such projects through later HOME-ARP disbursements and/or other sources including the HOME Investment Partnership (CFDA #14.239), Community Development Block Grant (CFDA #14.218), ARP State and Local Fiscal Recovery Fund (CFDA #21.027), Housing Choice Voucher (CFDA #14.871), and/or other sources at a later date without further competition.

## **SECTION 5 – SCHEDULE OF EVENTS**

February 4, 2022: City releases HOME-ARP Rental Housing Request for Proposals

February 9, 2022: Virtual Pre-Proposal Conference (10am-11am AZ time)

February 28, 2022: Electronic proposals due on or before 11:59pm to [jason.thorpe@tucsonaz.gov](mailto:jason.thorpe@tucsonaz.gov).

March 4, 2022: Project selection announced at <https://www.tucsonaz.gov/hcd/news>. Preliminary commitment letters will be sent to selected projects within two business days of announcement. Preliminary commitments are contingent upon HUD approval of Tucson/Pima County HOME-ARP Qualified Allocation Plan and final project underwriting.

### **Pre-Proposal Conference**

The City of Tucson shall conduct a virtual pre-proposal conference from 10am-11am on Wednesday, February 9, 2022. All offerors are strongly encouraged to review this Request for Proposals in full and to attend the pre-proposal conference. Offerors will be provided an opportunity to ask specific questions related to this Request for Proposals and the scopes of work solicited during the pre-proposal conference.

Interested offerors should register for the pro-proposal conference in advance at <https://us02web.zoom.us/meeting/register/tZctd-qtqi0iEtzZ9UgnE75bZtd1zic0qBXi>

After registering, you will receive a confirmation email containing information about joining the meeting.

## **SECTION 6 – ELIGIBLE BENEFICIARIES**

### **Qualifying Populations**

ARP requires that funds be used to primarily benefit individuals and families in the following specified “qualifying populations.” Any individual or family who meets the criteria for these populations is eligible to reside in an unit funded through HOME-ARP without meeting additional criteria (e.g., additional income criteria).

Not less than 70 percent of affordable rental housing units acquired or constructed with HOME-ARP funds must be occupied by households in the qualifying populations. Qualifying Populations include:

1. Homeless, as defined in 24 CFR 91.5 Homeless (1), (2), or (3):
  - a. An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:
    - i. An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;
    - ii. An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or
    - iii. An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;
  - b. An individual or family who will imminently lose their primary nighttime residence, provided that:
    - i. The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;
    - ii. No subsequent residence has been identified; and

- iii. The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks needed to obtain other permanent housing;
- c. Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:
  - i. Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);
  - ii. Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;
  - iii. Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and
  - iv. Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment;

2. At risk of Homelessness, as defined in 24 CFR 91.5 At risk of homelessness:

- a. An individual or family who:
  - i. Has an annual income below 30 percent of median family income for the area, as determined by HUD;
  - ii. Does not have sufficient resources or support networks, e.g., family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the “Homeless” definition in this section; and

iii. Meets one of the following conditions:

1. Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
  2. Is living in the home of another because of economic hardship;
  3. Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
  4. Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by federal, State, or local government programs for low-income individuals;
  5. Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 people per room, as defined by the U.S. Census Bureau;
  6. Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
  7. Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the City of Tucson/Pima County Joint Consolidated Plan;
- b. A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C. 5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(l) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(l)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or
- c. A child or youth who does not qualify as “homeless” under this section but qualifies as “homeless” under section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth if living with her or him).
3. Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, as defined by HUD.

- a. For HOME-ARP assisted units, this population includes any individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking. This population includes cases where an individual or family reasonably believes that there is a threat of imminent harm from further violence due to dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return or remain within the same dwelling unit. In the case of sexual assault, this also includes cases where an individual reasonably believes there is a threat of imminent harm from further violence if the individual remains within the same dwelling unit that the individual is currently occupying, or the sexual assault occurred on the premises during the 90-day period preceding the date of the request for transfer.
- b. Domestic violence, which is defined in 24 CFR 5.2003 includes felony or misdemeanor crimes of violence committed by:
  - i. A current or former spouse or intimate partner of the victim (the term "spouse or intimate partner of the victim" includes a person who is or has been in a social relationship of a romantic or intimate nature with the victim, as determined by the length of the relationship, the type of the relationship, and the frequency of interaction between the persons involved in the relationship);
  - ii. A person with whom the victim shares a child in common;
  - iii. A person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner;
  - iv. A person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving HOME-ARP funds; or
  - v. Any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction/
- c. Dating violence which is defined in 24 CFR 5.2003 means violence committed by a person:
  - i. Who is or has been in a social relationship of a romantic or intimate nature with the victim; and
  - ii. Where the existence of such a relationship shall be determined based on a consideration of the following factors:
    - 1. The length of the relationship;



2. The type of relationship; and
  3. The frequency of interaction between the persons involved in the relationship.
- d. Sexual assault which is defined in 24 CFR 5.2003 means any nonconsensual sexual act proscribed by Federal, Tribal, or State law, including when the victim lacks capacity to consent.
  - e. Stalking which is defined in 24 CFR 5.2003 means engaging in a course of conduct directed at a specific person that would cause a reasonable person to:
    - i. Fear for the person's individual safety or the safety of others; or
    - ii. Suffer substantial emotional distress.
  - f. Human Trafficking includes both sex and labor trafficking, as outlined in the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7102). These are defined as:
    - i. Sex trafficking means the recruitment, harboring, transportation, provision, obtaining, patronizing, or soliciting of a person for the purpose of a commercial sex act, in which the commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; or
    - ii. Labor trafficking means the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.
4. Other Populations where providing supportive services or assistance under section 212(a) of NAHA (42 U.S.C. 12742(a)) would prevent the family's homelessness or would serve those with the greatest risk of housing instability. HUD defines these populations as individuals and households who do not qualify under any of the populations above but meet one of the following criteria:
    - a. Other Families Requiring Services or Housing Assistance to Prevent Homelessness is defined as households (i.e., individuals and families) who have previously been qualified as "homeless" as defined in 24 CFR 91.5, are currently housed due to temporary or emergency assistance, including financial assistance, services, temporary rental assistance or some type of other assistance to allow the household to be housed, and who need additional housing assistance or supportive services to avoid a return to homelessness.

- b. At Greatest Risk of Housing Instability is defined as household who meets either paragraph (i) or (ii) below:
- i. Has annual income that is less than or equal to 30% of the area median income, as determined by HUD and is experiencing severe cost burden (i.e., is paying more than 50% of monthly household income toward housing costs);
  - ii. Has annual income that is less than or equal to 50% of the area median income, as determined by HUD, AND meets one of the following conditions from paragraph (iii) of the “At risk of homelessness” definition established at 24 CFR 91.5:
    1. Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
    2. Is living in the home of another because of economic hardship;
    3. Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
    4. Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;
    5. Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 persons reside per room, as defined by the U.S. Census Bureau;
    6. Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
    7. Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan/
5. Veterans and Families that include a Veteran Family Member that meet the criteria for one of the qualifying populations described above are eligible to receive HOME-ARP assistance.

## **Low-Income Households**

Up to 30 percent of units assisted with HOME-ARP funds can be occupied by households defined as low-income. Such units are subject to income targeting and rent requirements established under the HOME-ARP Rental Program rules and are only permitted in projects with rental units restricted for occupancy by qualifying populations.

At initial occupancy, units restricted for low-income households must be occupied by households that meet the definition of low-income in 24 CFR 92.2. If a tenant's income increases above the applicable low-income limit during the compliance period, the unit will be considered temporarily out of compliance.

In accordance with 24 CFR 92.252(h), the income of each low-income household must be determined initially in accordance with 24 CFR 92.203(a)(1)(i), and each year following the initial determination during the minimum compliance period in the manner specified by the City of Tucson.

## **SECTION 7 – LIMITING ELIGIBILITY TO SUBPOPULATIONS**

Recipients must follow all applicable fair housing, civil rights, and nondiscrimination requirements, including but not limited to those requirements listed in 24 CFR 5.105(a). This includes, but is not limited to, the Fair Housing Act, Title VI of the Civil Rights Act, section 504 of Rehabilitation Act, HUD's Equal Access Rule, and the Americans with Disabilities Act, as applicable.

HOME-ARP rental housing may be limited to a specific subpopulation of a qualifying population identified in Section IV of this solicitation, so long as admission does not discriminate against any protected class under federal nondiscrimination laws in 24 CFR 5.105 (e.g., the housing may be limited to homeless households and at risk of homelessness households,

Recipients may limit admission to or provide a preference for HOME-ARP rental housing to households who need the specialized supportive services that are provided (e.g., domestic violence services). However, no otherwise eligible individuals with disabilities or families including an individual with a disability who may benefit from the services provided may be excluded on the grounds that they do not have a particular disability.

## **SECTION 8 – RENT LIMITATIONS**

Units Restricted for Occupancy by Qualifying Households: In no case can the HOME-ARP rents exceed 30% of the adjusted income of a household whose annual income is equal to or less than 50% of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. HUD will publish the HOME-ARP rent limits on an annual basis.

Notwithstanding the foregoing, a unit that receives a Federal or state project-based rental subsidy and is occupied by a qualifying household that pays as a contribution to rent no more than 30 percent of the household's adjusted income, may charge the rent allowable under the Federal or state project-based rental subsidy program (i.e., the tenant rental contribution plus the rental subsidy allowable under that program). If a household receives tenant-based rental

assistance, the rent is the rent permissible under the applicable rental assistance program (i.e., the tenant rental contribution plus the rental subsidy allowable under that rental assistance program).

The rent limits for HOME-ARP units for qualifying households include the rent plus the utility allowance established for the City of Tucson Public Housing Authority and published annually.

Units for Low-Income Households: HOME-ARP rental units occupied by low-income households must comply with the rent limitations in 24 CFR 92.252(a) (i.e., the lesser of the Fair Market Rent for existing housing for comparable units in the area, as established by HUD, or a rent equal to 30 percent of the income of a family at 65 percent of median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit). Notwithstanding the foregoing, when a household receives a form of Federal tenant-based rental assistance (e.g., housing choice vouchers), the rent is the rent permissible under the applicable rental assistance program (i.e., the tenant rental contribution plus the rent subsidy allowable under the rental assistance program). The rent limits for low-income households apply to the rent plus the utility allowance established by the City of Tucson Public Housing Authority and published annually.

Single Room Occupancy (SRO) Units: A HOME-ARP rental project may consist of SRO units. For the purposes of HOME-ARP rental, a SRO unit is defined as a unit that is the primary residence of the occupant(s) and must at least contain sanitary facilities but may also contain food preparation facilities. A project's designation as a SRO cannot be inconsistent with the building's zoning and building code classification.

If the SRO units have both sanitary and food preparation facilities, the maximum HOME-ARP rent is based on the zero-bedroom fair market rent. If the SRO unit has only sanitary facilities, the maximum HOME-ARP rent is based on 75 percent of the zero-bedroom fair market rent. The rent limits for SRO units must also include the utility allowance established by the City of Tucson Public Housing Authority and published annually.

Changes In Income and Over-Income Households: A household that met the definition of one of the HOME-ARP qualifying populations at initial occupancy and whose annual income at the time of income re-certification is above 50 percent of median income for the area but at or below 80 percent of the median income for the area must pay the rent specified in 24 CFR 92.252(a).

HOME-ARP-assisted units restricted for low-income households continue to qualify as HOME-ARP rental housing despite a temporary noncompliance caused by increases in the incomes of existing households if actions satisfactory to HUD are taken so that all vacancies are filled in accordance with HOME-ARP requirements until the noncompliance is corrected.

A qualifying or low-income household that is not low-income at the time of income recertification (i.e., whose income is above 80 percent of the median income for the area) must pay rent that complies with the over income regulatory requirements at 24 CFR 92.252(i)(2), which includes requirements applicable to HOME units that also have LIHTC restrictions.

## **SECTION 9 – REFERRAL PROCESS AND WAIT LIST**

Qualifying Populations: The Tucson Pima Collaboration to End Homelessness shall refer eligible households from Qualifying Populations to the project as such persons are identified through the Tucson/Pima County Coordinated Entry system. Households referred by the Tucson Pima Collaboration to End Homelessness shall be added to the project waiting list in order of date that referral from Coordinated Entry is received and offered tenancy in order received adjusted for any project-specific priorities (e.g. persons with disabilities if project provides permanent supportive housing, etc.)

Low-Income Households: The project shall maintain a waiting list for units restricted for low-income households. Households shall be added to the project waiting list in order of application date adjusted for any project-specific priorities (e.g. households containing an older adult and/or person with disability if project targets older adults and/or persons with disabilities, etc.)

## **SECTION 10 – MINIMUM COMPLIANCE PERIOD**

HOME-ARP rental units must comply with the HOME-ARP rental requirements for a minimum of 15 years, irrespective of the amount of HOME-ARP funds invested in the project or the activity undertaken. If a project-based rental assistance Housing Assistance Payments (HAP) contract is awarded to a HOME-ARP rental project, the minimum compliance period is the greater of 15 years or the term of eligible HAP contract renewals.

Units assisted with HOME-ARP funds must comply with the requirements of HUD Notice CPD-21-10 throughout the minimum 15-year compliance period, including:

1. Units restricted for qualifying populations must be occupied by households that met the definition of a qualifying population at the time of initial occupancy. The household's contribution toward rent during this period must be affordable in accordance with Section VI.B.14 of HUD Notice CPD-21-10. The rents for these units must comply with the rent limitations established in the aforementioned Notice, including the rent provisions specified in 24 CFR 92.252(i)(2) for households whose income increases above 80 percent of area median income and whose contribution to rent complies with the requirements in Section VI.B.15 of the Notice.
2. Units available for low-income households must be continuously occupied by households who are income eligible. The rents for these units must comply with the rent limitations established in HUD Notice CPD-21-10, including the rent provisions specified in 24 CFR 92.252(i)(2) for households whose income increases above 80 percent of area median income.
3. The units must comply with the ongoing property condition standards of 24 CFR 92.251(f) throughout the compliance period as demonstrated by an on-site inspection within 12 months of project completion and an on-site inspection at least once every three years thereafter as required by 24 CFR 92.504.

4. Each household that occupies a HOME-ARP unit has an executed lease that complies with the tenant protections required in Section VI.B.19 of HUD Notice CPD-21-10.

## **SECTION 11 – ACCEPTANCE OF HOUSING SUBSIDY**

Projects may not discriminate against potential tenants on the basis of source of income. Project may not deny applicants on the sole basis of having a Housing Choice Voucher or rental subsidy provided by a government or not-for-profit organization. Projects are not required to accept all tenants with such subsidies if they do not otherwise meet tenancy requirements.

## **SECTION 12 – ELIGIBLE ACTIVITIES**

HOME-ARP funds may be used to acquire, rehabilitate, or construct affordable rental housing primarily for occupancy by households of individuals and families that meet the definition of one or more of the qualifying populations described in Section IV of this Request for Proposals (“qualifying households”). Unlike the regular HOME Program, which targets HOME-assisted rental units based on tenant income, 70 percent of all HOME-ARP units will admit households based only upon their status as qualifying households. This complicates the underwriting and operation of projects that include HOME-ARP units. As a result, the requirements for HOME-ARP rental housing provide significant flexibilities to enable HOME-ARP rental projects to remain financially viable and affordable for the qualifying populations throughout the minimum compliance period.

Eligible HOME-ARP rental housing includes “housing” as defined at 24 CFR 92.2, including but not limited to manufactured housing, single room occupancy (SRO) units, and permanent supportive housing.

Emergency shelters, hotels, and motels (including those currently operating as non-congregate shelter), facilities such as nursing homes, residential treatment facilities, correctional facilities, halfway houses, and housing for students or dormitories do not constitute housing in the HOME-ARP program. However, HOME-ARP funds may be used to acquire and rehabilitate such structures into HOME-ARP rental housing.

Developing financially feasible rental housing for qualifying households is challenging in the absence of project-based rental assistance. Most HOME-assisted rental projects rely on tenant rents to cover all or a portion of the debt service and project operating costs. Most HOME-ARP qualifying households will be unable to pay a rent that covers allocated debt service or operating costs, requiring PJs to use other techniques to determine that HOME-ARP units are affordable and that projects containing HOME-ARP units are sustainable throughout the minimum compliance period.

The American Rescue Plan suspended the maximum per-unit subsidy limit for HOME-ARP units, enabling HOME-ARP funds to pay the entire cost to acquire, rehabilitate and/or construct the HOME-ARP rental units, eliminating the need for the HOME-ARP units to support debt. In mixed-income developments, revenue from market rate or higher income-restricted units may also provide an internal subsidy to cover a portion of the operating costs of HOME-ARP units.

To address these challenges and maintain affordability, HUD has used its HOME-ARP statutory authority to:

- Establish alternative rent requirements to 24 CFR 92.252(b) and extend an owner's ability to charge the maximum rent permissible under a rental assistance program (to units occupied by recipients of tenant-based rental assistance (e.g., Housing Choice Vouchers, HOME TBRA, HOME-ARP TBRA).
- Establish a minimum compliance period of 15 years for all HOME-ARP rental units irrespective of the amount of subsidy per unit or whether the units are acquired, rehabilitated, and/or newly constructed.
- Permit the use of HOME-ARP funds to provide ongoing operating cost assistance or capitalize a project operating cost assistance reserve to address operating deficits of the HOME-ARP units restricted for qualifying households during the compliance period.
- Allow not more than 30 percent of the total number of rental units assisted with HOME-ARP funds to be restricted to households that are low-income as defined in 24 CFR 92.2 ("low-income households"). These units may only be located in projects containing HOME-ARP units restricted for qualifying households. The HOME-ARP rental units occupied by low-income households must operate under the regulations applicable to HOME rental units at 24 CFR 92.252 (i.e., be occupied by low-income households and bearing a rent not greater than the lesser of:
  - The Fair Market Rent for existing housing for comparable units in the area, as established by HUD, or
  - A rent equal to 30 percent of the adjusted income of a family with annual income at 65 percent of median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit).

## **SECTION 13 – FORM OF ASSISTANCE**

The primary aim of this solicitation is to provide gap financing for acquisition of standard property, acquisition and rehabilitation of substandard property, rehabilitation of substandard units a developer already owns, or construction of new units. Loan repayment terms may range from 15 years to 40 years.

## **SECTION 14 – MINIMUM ASSISTANCE**

The minimum amount of HOME-ARP funds that must be invested in a rental housing project is \$1,000 times the number of HOME-ARP-assisted units in the project as established in 24 CFR 92.205(c).

## **SECTION 15 – ELIGIBLE COSTS**

HOME-ARP funds may be used to pay for up to 100% of the following eligible costs associated with the acquisition, development, and operation of HOME-ARP rental units:

1. Development hard costs as defined defined in 24 CFR 92.206(a).
2. Acquisition including the costs of acquiring improved or unimproved real property.
3. Related soft costs as defined in 24 CFR 92.206(d).
4. Relocation costs as defined in 24 CFR 92.206(f), 24 CFR 92.353, and described in HUD Notice CPD-21-10.
5. Costs relating to payment of loans – If the HOME-ARP funds are not used to directly pay a cost specified in this HOME-ARP rental housing section, but are used to pay off a construction loan, bridge financing loan, or guaranteed loan, the payment of principal and interest for such loan is an eligible cost only if:
  - a. The loan was used for eligible costs specified in this HOME-ARP rental housing section, and
  - b. The HOME-ARP funds are part of the original financing for the project and the project meets the requirements of HUD Notice CPD-21-10.
6. Operating assistance including ongoing operating cost assistance or capitalizing an operating cost assistance reserve for HOME-ARP-assisted units restricted for occupancy by qualifying populations in a project where the City determines in its underwriting that the reserve is necessary to maintain the HOME-ARP units' long-term operational feasibility. HOME-ARP funds cannot be used for both a capitalized operating cost assistance reserve and ongoing payments for operating cost assistance during the minimum compliance period. The allowable amount of the reserve shall not exceed the amount determined by the City to be necessary to provide operating cost assistance for HOME-ARP units restricted for occupancy by qualifying populations for the 15-year HOME-ARP minimum compliance period. If awarded, operating assistance must adhere to all requirements outlined in HUD Notice CPD-21-10.

## **SECTION 16 – PROPERTY STANDARDS**

HOME-ARP rental units must comply with all property standards applicable to rental projects required in 24 CFR 92.251 paragraphs (a) new construction, (b) rehabilitation projects, (c)(1) and (2) acquisition of standard housing, (e) manufactured housing, and (f) on-going property condition standards.



## **SECTION 17 – TENANT PROTECTIONS**

Each household that occupies a HOME-ARP assisted unit has an executed lease that complies with the tenant protection requirements of HUD Notice CPD-21-10. The lease must be either between the project owner and the household or between the project owner and a HOME-ARP sponsor with a sublease between the qualifying household and HOME-ARP sponsor. A HOME-ARP sponsor is a nonprofit organization that provides housing or supportive services to qualifying households and facilitates the leasing of a HOME-ARP rental unit to a qualifying household. The City may permit a HOME-ARP sponsor to lease a HOME-ARP unit from an owner or execute a master lease with the owner of a HOME-ARP project for HOME-ARP units restricted for occupancy by qualifying households. The HOME-ARP sponsor may then sublease the HOME-ARP rental unit to the qualifying household. The sublease between the HOME-ARP sponsor and the qualifying household must comply with the rent limitations and tenant protection requirements defined in this Request for Proposals and by HUD Notice.

1. Lease Requirement: There must be a lease between the qualifying household or the low-income household and the owner of the HOME-ARP-assisted project in accordance with 24 CFR 92.253(a), except that a sublease is permitted if a HOME-ARP sponsor has executed a master lease or lease with the project owner for the leasing of the units restricted for occupancy by qualifying households.
2. Prohibited Lease Terms: The lease between the low-income household, qualifying household, or HOME-ARP sponsor and the HOME-ARP project owner or the sublease between the HOME-ARP sponsor and a qualifying household may not contain any of the prohibited lease terms specified in 24 CFR 92.253(b).
3. Termination of tenancy: An owner may not terminate the tenancy or refuse to renew the lease of a tenant of a HOME-ARP unit or of a HOME-ARP sponsor with a sublease with a qualifying household except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local laws; or for other good cause. Similarly, a HOME-ARP sponsor may not refuse to renew a sublease with a qualifying household except for serious or repeated violation of the terms and conditions of the sublease; for violation of applicable Federal, State, or local laws; or for other good cause. An increase in the tenant's or sublessee's income does not constitute good cause.

In addition, if HOME-ARP funds were or are used to capitalize an operating cost assistance reserve or there is a current contract for the City to provide operating cost assistance to the project, an owner may not terminate the tenancy or refuse to renew the lease of a qualifying household because of the household's inability to pay rent during the minimum compliance period. A qualifying household's inability to pay rent shall mean that the qualifying household cannot pay more than 30 percent of the qualifying household's income toward rent, based on an income determination made by the City in the last 30 days.

The above tenant protections are necessary as HOME-ARP requires the City to perform underwriting that reviews the operating feasibility of units occupied by qualifying households for the 15-year compliance period to determine how HOME-ARP funds may address the potential for qualifying households to have little to no income to contribute toward rent.

To terminate or refuse to renew tenancy for any household occupying a HOME-ARP unit, the owner must serve written notice upon the tenant (and the HOME-ARP sponsor if the lease is between an owner and HOME-ARP sponsor) at least 30 days before termination of tenancy, specifying the grounds for the action. In the case of a sublease, to terminate or refuse to renew tenancy of a qualifying household, the HOME-ARP sponsor must notify the City in advance of serving written notice to the qualifying household and must serve written notice upon the qualifying household at least 30 days before termination of tenancy, specifying the grounds for the action.

## SECTION 18 – PROPOSAL INSTRUCTIONS

Eligible applicants must submit the completed project application, including all required exhibits and forms, by email on or before the date and time provided in the section titled Schedule of Events.

The proposal must be submitted to [jason.thorpe@tucsonaz.gov](mailto:jason.thorpe@tucsonaz.gov) on or before the due date and time listed under Schedule of Events. Applications sent after the due date and time listed or to other addresses may be deemed non-responsive and not reviewed, at the discretion of the City.

The fillable application form including a list of required attachments is available for download at <https://www.tucsonaz.gov/hcd/news>.

## SECTION 19 – EVALUATION CRITERIA

Responses to this solicitation shall be competitively evaluated by a review panel established by the City of Tucson. Projects will be evaluated using the following criteria.

SCORING CRITERIA	MAX SCORE
<b>Program Overview</b> <ul style="list-style-type: none"> <li>Extent to which project goals and population to be served align with the City of Tucson's <a href="#">Housing Affordability Strategy for Tucson</a> and/or the <a href="#">People, Communities, and Homes Investment Plan</a>.</li> <li>Extent to which project location is located in or near Community Revitalization Areas defined in the <a href="#">Housing Affordability Strategy for Tucson</a>.</li> <li>Extent to which project will utilize green building techniques.</li> <li>Extent to which project design will reflect and enhance the surrounding natural and built environment.</li> <li>Extent to which the project has convenient access to areas outside the project and neighborhood.</li> <li>Extent to which project design reflects compact urban form which conserves land and other natural and environmental resources.</li> </ul>	25 points

<b>Use of HOME-ARP Funds</b> <ul style="list-style-type: none"> <li>• Extent to which proposed use of HOME-ARP funds is eligible, necessary, and reasonable.</li> <li>• Extent to which project will provide matching and leveraged funds for the project.</li> <li>• Extent to which the project funding will assist in the creation of additional affordable rental units.</li> </ul>	15 points
<b>Site Description</b> <ul style="list-style-type: none"> <li>• Extent to which the project design and configuration is appropriate to the site.</li> <li>• Extent to which applicant provides a reasonable plan to address zoning issues if present.</li> </ul>	15 points
<b>Utilities Serving the Property</b> <ul style="list-style-type: none"> <li>• Extent to which applicant provides a thorough accounting of utilities to be paid by owner and utilities to be paid by tenant.</li> <li>• Extent to which proposed utility payment arrangements are appropriate to the qualifying populations defined in the Request for Proposals.</li> </ul>	5 points
<b>Market Demand</b> <ul style="list-style-type: none"> <li>• Extent to which the applicant provided a complete Market Demand Analysis following the instructions provided in the Application.</li> <li>• Extent to which the Market Demand Analysis provides sufficient evidence to justify the market demand for the proposed project.</li> </ul>	10 points
<b>Construction History of Property and Property/Lien Documents</b> <ul style="list-style-type: none"> <li>• Extent to which the applicant provided a the date of original construction of the property and, if over 45 years old, described current placement or nomination for the Historic Register, if applicable.</li> <li>• If the applicant is applying for funds to assist in the rehabilitation of property already owned, extent to which the applicant provided complete property and lien documents as required by the Application.</li> </ul>	5 points
<b>Site Acquisition</b> <ul style="list-style-type: none"> <li>• Extent to which the applicant currently has site control of the proposed property or has a reasonable plan to obtain site control within a reasonable period.</li> <li>• Extent to which supporting documentation related to obtaining site control, initial investments, contingencies, and financing are reasonable and demonstrate that the applicant will have ownership and site control of the project within a reasonable timeframe.</li> </ul>	10 points
<b>Readiness to Proceed</b> <ul style="list-style-type: none"> <li>• Extent to which project schedule and cash flow indicate that the project can be completed within two years of execution date.</li> <li>• Extent to which prior activities related to site control, environmental studies, marketing plans, project entitlements, and design are timely and support applicant's project schedule.</li> </ul>	10 points
<b>Section 3/Vicinity Hiring</b> <ul style="list-style-type: none"> <li>• Extent to which applicant provides the number of new employees to be hired and subcontractors to be utilized through the project as required by the Project Application.</li> <li>• Extent to which proposed new staffing and subcontractor utilization are sufficient to deliver the proposed project.</li> </ul>	5 points

<ul style="list-style-type: none"> <li>• <b>Relocation</b></li> <li>• Extent to which applicant indicates that the proposed project will not result in relocation <u>or</u></li> <li>• Extent to which applicant provides all required documentation regarding units requiring relocation as defined in the Application and has provided current residents the General Information Notice under the Uniform Relocation Act prior to submitting the Application.</li> </ul>	5 points
<ul style="list-style-type: none"> <li>• <b>Property Management</b></li> <li>• Extent to which the applicant provides a detailed plan for project management which addresses all requirements listed in the Application.</li> <li>• Extent to which the proposed property management plan is appropriate to the project and qualifying populations.</li> </ul>	15 points
<ul style="list-style-type: none"> <li>• <b>Experience Developing Similar Projects and Project Team</b></li> <li>• Extent to which applicant has prior experience developing and managing housing for HOME-ARP qualifying populations and low-/moderate-income households.</li> <li>• Extent to which prior projects have demonstrated success in providing affordable rental housing on time and in compliance with federal program requirements.</li> <li>• Extent to which project team is comprised of experienced professionals with relevant experience and expertise to deliver the project.</li> <li>• Extent to which applicant and project team members have successfully delivered on prior development projects, including any projects funded by the City of Tucson.</li> </ul>	20 points
<ul style="list-style-type: none"> <li>• <b>Proposed Development Schedule</b></li> <li>• Extent to which the applicant's proposed development schedule is reasonable and will ensure timely completion of the project within two years of contract execution.</li> <li>• Extent to which project development schedule will proceed quickly upon execution of the project agreement.</li> </ul>	15 points
<ul style="list-style-type: none"> <li>• <b>Cost Estimate and Financial Projections - Budget</b></li> <li>• Extent to which the applicant provided a detailed cost estimate for rehabilitation or new construction.</li> <li>• Extent to which the cost estimate is appropriate to the project design.</li> <li>• Extent to which the project budget, pro-forma, and other supporting documents indicate that the project will meet underwriting guidelines.</li> <li>• Extent to which the applicant provides a plan to ensure sufficient operating funds to maintain the project during the compliance period.</li> <li>• Extent to which project income plan is reasonable and realistic.</li> <li>• Extent to which proposed use of HOME-ARP funds are eligible, reasonable, and necessary.</li> <li>• Extent to which HOME-ARP funds will be leveraged by other sources for maximum community benefit.</li> </ul>	25 points
<p><b>Applicant and Co-Applicant Materials</b></p> <ul style="list-style-type: none"> <li>• Extent to which applicant and any co-applicant(s), if applicable, provided complete Board of Directors List, Articles of Incorporation, and By Laws as required.</li> <li>• Extent to which applicant and any co-applicant(s), if applicable, provided a corporate resolution approving the HOME-ARP application.</li> <li>• Extent to which applicant and any co-applicant(s), if applicable, provided the organizations' most recently completed fiscal audit dated after June 30, 2020 and extent to which audit demonstrates sound fiscal oversight and management practices.</li> <li>• Extent to which applicant provides funding commitment letters from other source(s).</li> </ul>	15 points

<b>Preference Points</b> <ul style="list-style-type: none"> <li>Extent to which at least 30% of units proposed are designated for rental housing for permanent supportive housing for persons in qualifying populations who are experiencing homelessness.</li> </ul>	10 points
<b>Total Available Points</b>	210

## SECTION 20 – ADDITIONAL QUESTIONS

Questions regarding this solicitation should be submitted to [jason.thorpe@tucsonaz.gov](mailto:jason.thorpe@tucsonaz.gov). Questions will be answered in the order received. Please allow up to two business days for a response. Questions received less than three business days prior to the submission deadline may not receive a response. Applicants are strongly encouraged to attend the pre-proposal conference and ask questions at that time.